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Global security firms fill in as private armies - 15,000 agents patrol violent streets of Iraq

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A group of American construction executives was traveling in a convoy down a palm-lined highway 30 miles north of Baghdad one January day when gunfire and rocket-propelled grenades suddenly exploded everywhere.

Private security agents riding with the convoy fought off the attackers in a hail of gunfire. Two of the agents died, as did an unknown number of guerrillas.

The bloodshed was not publicly reported at the time, and the agents' employer, the Steele Foundation of San Francisco, drew a cloak of discreet silence over the incident to protect its clients' identity.

The shootout was just one more example of the behind-the-scenes role played in Iraq by an estimated 15,000 private security agents from the United States, Britain and countries as varied as Nepal, Chile, Ukraine, Israel, South Africa and Fiji. They are employed by about 25 different firms that are playing their part in Iraq's highly dangerous postwar environment by performing tasks ranging from training the country's new police and army to protecting government leaders to providing logistics for the U.S. military.

"The rate of growth in the security industry is phenomenal," said Deborah Avant, a professor of political science and international affairs at George Washington University in Washington,

D.C. "If you had asked a year ago whether there would be 15,000 private security in Iraq, everyone would have said you're nuts. It has moved very quickly over the past decade, but Iraq has escalated it dramatically."

The boom in Iraq is just the tip of the iceberg for the \$100 billion-a-year industry, which experts say has been the fastest-growing sector of the global economy during the past decade. From oil companies in the African hinterland to heads of state in Haiti and Afghanistan to international aid agencies in hotspots around the world, the difference between life and death is decided by private guns for hire.

In Saudi Arabia and the Persian Gulf states, national armed forces are almost completely operated and overseen by private firms such as MPRI, an Alexandria, Va., subsidiary of giant L-3 Communications, and Vinnell Corp., a subsidiary of defense contractor Northrop Grumman.

The trend is highly controversial. Some critics point out that security firms are largely unaccountable to governments, the courts or the public, and say that sets a dangerous precedent for covert foreign policy.

But other experts, including a growing number of humanitarian agency officials, are becoming reluctant allies of the private security industry, saying it offers the only way to provide safety in places such as central Africa, where leading nations like the United States are unwilling to send their own troops as peacekeepers.

Events in the past month alone show how the issue has come to the fore:

-- The U.S.-led occupation authority in Iraq said it plans to spend as much as \$100 million over the next 14 months to hire private security forces to protect the Green Zone, the 4-square-mile headquarters area in Baghdad, which is currently guarded primarily by U.S. troops. The move appears part of the Bush administration's plans to make its military presence less visible when nominal sovereignty is transferred to a new Iraqi government after June 30.

-- A bizarre plot attempt has unfolded in Equatorial Guinea after 67 foreign mercenaries were arrested in transit in Zimbabwe prior to what may have been an attempt to overthrow the dictator of the oil-rich nation on the Atlantic Coast of central Africa.

-- The Steele Foundation, which provided the security detail for former Haitian President Jean-

Bertrand Aristide, was briefly embroiled in controversy when Aristide accused it of withdrawing its agents under orders of the U.S. government when he was overthrown in February. Kenneth Kurtz, the CEO of the Steele Foundation, declined to comment to The Chronicle about the allegations.

But Kurtz insists that his firm, and the security industry in general, "is not some sort of James Bond game, like it usually is portrayed. It is a very complex business, and the risks are very serious, because there really is not any kind of clear law enforcement on a day-to-day basis within Iraq."

"Most of the security firms in Iraq have had some people killed," he said.

Steele, the world's fifth-largest security firm, employs around 500 agents in Iraq, about one-third Westerners and the rest Iraqis. As elsewhere - - the firm operates in 20 countries -- it offers far more than just Hollywood-style firepower. The company's brief includes corporate consulting and high-tech investigations.

The industry's one constant is high revenue. Although Kurtz declines to say how much his privately held firm charges its clients, it is well known that Western contractors in Iraq pay as much as \$1,000 per day for bodyguards.

"We need to face reality," said Peter Singer, an analyst at the Brookings Institution in Washington and author of the recently released book, "Corporate Warriors: The Rise of the Privatized Military Industry."

"While most people have not heard of this industry, it's a \$100 billion- per-year business whose largest client is the U.S. government. But it has virtually no laws, oversight or any public understanding of how to deal with it," he said.

Singer noted that because of loopholes in international law, employees of private security companies usually are able to escape prosecution for crimes they commit overseas. Most common crimes occurring outside the United States are beyond the jurisdiction of American courts, and many U.S. and U.N. contracts abroad obligate local governments to give legal immunity to such contractors.

In 1998, for example, DynCorp security agents in Bosnia were implicated in a highly publicized sex-slave scandal. The firm quickly recalled at least 13 agents from the country;

none faced criminal prosecution.

"I would love to see the industry more regulated, so you don't see the fly-by-nights like the ones that have come out of nowhere because of the unprecedented boom in Iraq," said Peter Gantz, executive coordinator of the Partnership for Effective Peace Operations, a Washington coalition of nonprofit aid groups.

Critics cite trigger-happy behavior by some foreigners and say some security firms' reluctance to hire Iraqis has led to dangerous cultural clashes.

In Iraq, most aid agencies have contracted with foreign security firms, although humanitarian workers have complained that the presence of rifle-toting commandos gives their work a military appearance and could invite -- rather than dissuade -- attacks by insurgents.

For the U.S. government, however, the security firms' low profile is a distinct advantage, helping avoid unwelcome publicity when things go wrong in semi-covert operations around the world.

For example, Keith Stansell, Marc Gonsalves and Thomas Howes -- who worked for the U.S. military via California Microwave Systems, a subsidiary of Northrop Grumman Corp. of Los Angeles -- have been held prisoner by leftist rebels in Colombia since February 2003, when their plane crashed in the jungle while they were on a mission photographing clandestine coca fields. The prisoners' case has drawn none of the publicity that erupted in cases such as that of Jessica Lynch, the Army soldier briefly held prisoner in Iraq last year.

In Iraq, the Bush administration has contracted out huge chunks of its transportation and logistics operations in an attempt to save money and focus on its core business of war fighting. In the process, it has managed the Iraq occupation with an overall troop level significantly lower than the hundreds of thousands of troops that some Pentagon officials had said would be necessary.

Avant, of George Washington University, said the availability of private security firms "has allowed the United States to carry out its unilateral policy, from Clinton to Bush. ... This is not simply a Republican issue." She pointed to the extensive use of private security firms by the Clinton administration and European nations in Bosnia and Kosovo in the 1990s.

By calling on firms that have entire fleets of giant Russian cargo planes and hundreds of

soldiers of fortune ready to parachute anywhere, leaders in Washington and other Western capitals now have the freedom to intervene abroad and pay little domestic political price, Avant added.

"Whether that is part of the calculus in the future is unclear, but it's certainly a factor that allows countries, including the United States, to do things when there simply isn't widespread public support, or when there is real political disagreement among nations about what should be done."

Despite all that, a growing tide of aid agency officials are reluctantly admitting that the private sector can play a positive role in foreign crises.

Singer, for example, asks whether Western countries would be willing to respond if a new humanitarian crisis arose, such as the genocide in Rwanda in 1994, or whether they would repeat their earlier inaction.

"If a private company offered to fly in several thousand troops, stabilize the situation and create buffer zones for humanitarian agencies to provide aid, what would you do?" he asked.

"Would you turn it down and let thousands of people die? Or would the U.N. Security Council send troops of its own, like it refused to do last time? It's quite a difficult dilemma."

Several analysts pointed out that Haiti's Aristide might have avoided his fate had he foreseen the advance of the ragtag rebel force that eventually toppled his government. "If Aristide had just had the finances to hire 50 or 100 security agents from some foreign firm at the beginning of the crisis, rather than waiting for the end, he would still be in power," Singer said.

U.S. news reports have said that as the rebels advanced toward Port-au-Prince in late February, Aristide tried to hire additional agents from Steele Foundation and other firms. But the Bush administration -- which had soured on Aristide by that point -- is believed to have pressured the firms into declining. Kurtz declined to comment on the reports.

Major security firms are quietly lobbying the U.S. government and the United Nations to privatize peacekeeping operations.

They point to successes such as Angola, where the South African firm Executive Outcomes deployed 500 soldiers, fighter planes and attack helicopters to save the country's army from defeat by 50,000 UNITA rebels. The firm was paid \$40 million per year from 1993 to 1995.

In Sierra Leone in 1995 and 1996, Executive Outcomes was paid \$1.5 million a month to defeat the 10,000 rebels of the Revolutionary United Front.

"The reality now is that you will have four to seven new U.N. missions authorized this year, and the United Nations just doesn't have the people to do it," said Douglas Brooks, president of the International Peace Operations Association, a Washington lobbying group of the largest security firms.

"The U.S. government pays for 27 percent of U.N. peacekeeping costs, but how many U.S. troops wind up in the Congo? It's in everyone's interest to use the private sector."

Security by the numbers

25: Security firms employing agents in Iraq.

15,000: Private security agents employed by those firms.

1.5 million: Dollars per month paid to Executive Outcomes to subdue 10, 000 rebels in Sierra Leone in 1995-96.

40 million: Dollars per year paid to Executive Outcomes to quell 50,000 rebels in Angola in 1993-95.

100 million: Dollars to be spent by U.S. occupation authority to secure Baghdad area in next 14 months.

100 billion: Size of security industry worldwide, annually, in dollars.

Military contractors Keith Stansell, Marc Gonsalves and Tom Howes, foreground from left, hired by a Northrop Grumman subsidiary, are under guard by Colombian rebels. They have been held since February 2003. Jorge Enrique Botero Associated Press 2003

PHOTO

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